

**SCOTTSDALE TOURISM DEVELOPMENT COMMISSION
CITY OF SCOTTSDALE
PINNACLE CONFERENCE ROOM
7575 EAST MAIN STREET
SCOTTSDALE, ARIZONA
JULY 26, 2005**

**AMENDED MINUTES
APPROVED AUGUST 16, 2005**

MEMBERS PRESENT:

Ned Sickle, Chairman
John Holdsworth, Vice-Chairman
Margaret Dunn, Commissioner
Jerry Gleason, Commissioner
Sally Shaffer, Commissioner
Gordon Zuckerman, Commissioner

ABSENT: Tom Morrow, Commissioner

STAFF: Kathy O'Connor
Jennifer Hawkes

OTHERS PRESENT FOR ALL OR PART OF THE MEETING:

Wayne Ecton, Councilman
Brent DeRaad
Rachel Sacco

1. CALL TO ORDER

Chairman Sickle called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:02 a.m.

2. ROLL CALL

A formal roll call confirmed members present as stated above, noting the presence of a quorum.

Ms. O'Connor explained that Commissioner Morrow would not be participating in any of the processes regarding Event Advertising Funding and read the following Declaration of Conflict of Interest, dated July 20th, 2005, from E. Thomas Morrow into the record:

"The date of the public meeting is today, July 26th. This declaration is regarding agenda item number 5, which is the fiscal year 2005/2006 Matching Event Advertising Funding review and presentations. The nature of the conflict is that Mr. Morrow is part owner of one of the Applicants. Mr. Morrow will therefore not be participating in any of the processes regarding Event Funding for FY 2005/2006."

3. APPROVAL OF MINUTES (Attachment 1)

VICE-CHAIRMAN HOLDSWORTH MOVED TO APPROVE THE MINUTES OF THE JUNE 21, 2005 MEETING. SECONDED BY COMMISSIONER SHAFFER. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF SIX (6) TO ZERO (0).

4. BED TAX PROFORMA (Attachment 2)

Ms. O'Connor reported that since bed tax receipts will not be reconciled before August, the report before the Committee had not changed since June. She further reported that an updated report would be ready in time for the next meeting. Responding to a question from Vice-Chairman Holdsworth, Ms. O'Connor stated that no significant changes were anticipated.

5. FY 2005/2006 MATCHING EVENT ADVERTISING FUNDING APPLICATIONS REVIEW AND PRESENTATIONS (Attachment 3)

Ms. O'Connor reviewed the application process. Each event producer will be allowed ten minutes to make their presentation after which Applicants will field questions from the Commission. The Tourism Development Event Subcommittee will meet at a later date to review the Commission's input and formulate funding recommendations to the City Council. Official recommendations will be made at the August 16th Tourism Development Commission meeting.

Scottsdale Futurity & Quarter Horse Show

Donna Powell thanked the Commission, noting that last year the event was granted \$6,317. Ms. Powell commented that this will be the third year of the nationally ranked horse show and that the event has doubled in size since its inaugural year. The event has signed a three-year commitment with the City of Scottsdale for the use of Westworld.

Commissioner Shaffer asked Ms. Powell to clarify whether or not the three-year commitment with the City of Scottsdale extended into the future. Ms. Powell indicated that the years in question were indeed for 2005, 2006, and 2007.

Commissioner Dunn requested clarification regarding the statement that the event had doubled in size. Ms. Powell stated that the show has grown from five days in its first year, to seven days last year and will be 10 days in 2005. Vice-Chairman Holdsworth inquired as to whether or not the premium book was distributed both nationally and locally. Ms. Powell confirmed that it was.

Cynosport Games

Annie DeChance presented the 2005 Cynosport Games, the world championship of dog agility. Last year was the first time the event was held in Scottsdale and the organizers were very pleased with the results. Ms. DeChance stated that the 2004 event generated over a million dollars in revenue for Scottsdale and the 2005 event is expected to draw even larger crowds. The marketing plan includes sponsorship by the Tribune Newspapers, including Get Out Magazine as well as local radio spots. The organizers are working to generate national exposure and boost attendance.

Commissioner Dunn requested elaboration of the claim that the event is a world championship. Ms. DeChance stated that there are competitors representing nine countries and the winner holds the title of world champion for a year. Along with 2000 competing dogs, an estimated 1500 to 1700 owners will participate in the competition.

Commissioner Gleason asked if the line item of \$75,000 for two-hours of programming on the Outdoor Life Network was a cost to be incurred by the event. Ms. DeChance confirmed that it was, pending the acquisition of necessary funds. Commissioner Gleason questioned whether the organizers planned on returning to Scottsdale in 2006. Ms. DeChance indicated that the decision would be made depending on how well things go this year.

Vice-Chairman Holdsworth pointed out that the purpose of the funding is to support events in the year they take place, yet the letter from the organizers stated that they were seeking support from Scottsdale in order to return in 2006. He requested clarification of the implication. Ms. DeChance responded that City support this year would make it more likely that the organizers would be able to return to Scottsdale next year.

Vice-Chairman Holdsworth noted a line item of \$750,000 dollars for TV coverage of the event on ESPN and wanted to know if such a figure was a realistic expectation for an event of this size. Ms. DeChance reported that a deal was in the works to get a Japanese sponsorship to cover the ESPN costs.

Chairman Sickie noted that the event's marketing plan called for use of bed-tax funds to increase awareness of the event in the Phoenix area and requested additional specifics. Ms. DeChance described a plan that would market the

appearance of a celebrity from the Great Outdoor Games who is planning to attend the event.

Barrett-Jackson Collector Car Auction

Paula Hause and Jonathon Walsh stated that this is the thirty-fifth anniversary of the auction. This year's event will be nine days long. Last year's auction brought in 200,000 attendees. The media plan is to advertise in Hemmings, Sports Car Market, and Car Collector as well as utilizing collateral pieces that are to be distributed both nationally and internationally. Mr. Walsh added that a concerted effort is underway to reach out to families, with Sundays and Monday being marketed as family days.

Chairman Sickle asked for more details regarding the marketing of the family days. Mr. Walsh explained that the plan included advertising in Arizona Foothills Magazine, the Republic, and notices placed on the auction's website.

Commissioner Dunn wondered if the extended event would conflict with the FBR Open. Mr. Walsh noted that the auction was moved to a week earlier than normal and would not conflict with the tournament.

Commissioner Gleason inquired about the status of the long-term relationship between the auction and the City of Scottsdale. Mr. Walsh responded that he was not involved in the talks himself but that the word on negotiations seemed positive. He also added that the organizers wanted to remain in Scottsdale.

Celebration of Fine Art

Susan Pojet made the presentation. This will be the 16th year of the ten-week-long event. Fifty percent of the 100 artists are from Arizona, the remainder coming from all over the nation. Fifty thousand attendees are expected this year. The matching funds would go towards a national advertising campaign that would include ads in America West Magazine and Architectural Digest.

Chairman Sickle wanted to know if there was an estimate of the room nights used by the artists themselves considering that they spent so much time locally. Ms. Pojet pointed out that many of the artists have second homes in the area, while others rented apartments for the duration or used extended-stay suites.

Commissioner Shaffer asked if the event would be held in the same location. Ms. Pojet responded in the affirmative.

In response to inquiry by Ms. O'Connor, Ms. Pojet reported that the event has been advertised in America West Magazine since its beginning. This would, however, be the first year advertising in Architectural Digest.

P. F. Chang's Rock 'n' Roll Marathon and Half Marathon

Shannon Williams and Bruce Skinner presented. The event attracts 30,000 runners, making it the largest such event in the world. The new route doubled the amount of mileage running through Scottsdale. Runners represent every state and 26 countries, producing an estimated 10,000 room nights. Advertising funds are intended for the October issue of Runner's World, a national publication.

Commissioner Shaffer pointed out that some of the charity events held in Scottsdale last year were moved to Phoenix for the 2006 event. She wanted to know if there were intentions to have them replaced. Ms. Williams responded that the reason there are now five headquarter hotels in Scottsdale this year, up from two last year was to offset this loss of charity groups.

Chairman Sickle wondered if the proposed advertising campaign in October would allow runners enough lead time for the event. Ms. Williams said that considering the nature of the event and the participants it attracts, there would be plenty of time to prepare with such notice.

In response to inquiry by Commissioner Dunn, Ms. Williams confirmed that this is the first year that the event will be held on the three-day Martin Luther King holiday.

Russo & Steele Auto Auction

Stuart Snedecor made the presentation. The organizers see the Scottsdale auction as the flagship event of their calendar year and currently have a three-year commitment with the State Land Department. While the advertising campaign places local ads in the Scottsdale Tribune, the focus is primarily on attracting a national clientele with ads in Hemmings, Sports Car Market and other national magazines.

Commissioner Shaffer inquired as to whether the brochures presented to the Committee are distributed at the event or mailed in advance. Mr. Snedecor indicated that the flyer is mailed out in September/October, whereas the catalog is distributed just prior to the auction.

Chairman Sickle wanted to know how many room nights were generated by the auction. Mr. Snedecor reported that Russo & Steele attendees filled eight percent of the rooms at the five sponsor properties.

Chairman Sickle inquired as to how the matching funds would be used. Mr. Snedecor answered that the goal was to attract newcomers to the event by tapping into different automotive or lifestyle audiences.

Upon inquiry by Commissioner Dunn, Mr. Snedecor stated that DuPont and Victory Lane were new additions to this year's event.

Bill Dickey's East-West Classic

Belinda Davis and Bill Dickey presented the request for the annual charity golf tournament. The event draws 500 participants annually. Money raised is used to provide scholarship funds to deserving minority youth.

Commissioner Gleason noted that the event takes place in a busy time of the year and wondered about the long-term ability of the event to maintain its presence in Scottsdale, in light of expensive course fees. Mr. Dickey stated that the event is in the second year of a three-year contract and that McCormick Ranch has been very supportive of the event.

Commissioner Dunn asked for an estimate on the number of room nights generated. Mr. Dickey estimated that two hundred rooms are used for four nights.

Chairman Sickie inquired as to how the funding money would be used. Mr. Dickey indicated that the focus is to improve overall marketing to attract newcomers to the tournament and to tout the success stories generated by the event.

Vice-Chairman Holdsworth noted that the applicant listed zero funds for some expenditures and cautioned that the Commission funds were intended to be matching.

In response to query by Ms. O'Connor, Ms. Davis reported that a commitment has not yet been made for the LA Times, New York Times and African American Digest ads.

Scottsdale Roundup

The Scottsdale Roundup representative was absent. Ms. O'Connor briefly reviewed the application, noting that it is a brand new event proposed for downtown Scottsdale, modeled after a similar event in Folsom, California.

Vice-Chairman Holdsworth noted the lack of clarity in the details pertaining to the event and suggested monitoring the results of the Special Events Subcommittee before taking action.

Arizona Sun Country Quarter Horse Show

Jan Brewer presented the event. This is the second largest quarter horse show in the world. She thanked the Commission for past support, noting that last

years allocation allowed the organizers to increase print advertising by a large degree. Ms. Brewer stressed that in light of last year's inclement weather, it is especially important to convey to participants that this year's event has taken measures to avoid similar problems.

Commissioner Gleason asked if the event contracted with CH Johnson. Ms. Brewer reported that Westworld did the contracting.

Commissioner Shaffer wondered if the organizers expected growth now that the event was no longer in conflict with Barrett-Jackson. Ms. Brewer speculated that there would be little impact due to the differing nature of the audiences.

FBR Open

John Bridger made the FBR Open presentation. This will be the 20th anniversary of the PGA Tournament in Scottsdale. He estimated that the event generated 4,000 room nights last year.

Chairman Sickle asked Mr. Bridger to elaborate on the marketing ideas generated by the linkage with the Scottsdale Convention and Visitors Bureau. Mr. Bridger indicated that the Celebrity Am Event was targeted in an effort to improve the energy surrounding the event. He also noted plans to work with America West after their merger with US Air.

Scottsdale Arabian Horse Show

Janice McCrea Wight presented the application for this 51st edition of the horse show. Attendees generally come from every state and 14 foreign countries generating an estimated 65,000 room nights. The event is not-for-profit and all proceeds are donated to local charities. The organizers plan to advertise in America West Magazine and internationally.

National Festival of the West

Mary Brown stated that this event is the largest of its kind in the world. The organizers have not yet determined where the 2006 event will be located since the sale of Rawhide, but plan to make a decision in the near future. Advertising is done on the national and international levels. The event is also highlighted in a national television spot.

Commissioner Shaffer wanted to know what type of venue the organizers were looking for and when a decision would be made. Ms. Brown answered that the current choices rest between Rawhide's new location at Gila River and Scottsdale's Westworld. She reiterated that the decision had to be made soon.

Chairman Sickle asked if the decision was to be made for the long-term or would only affect the 2006 event. Ms. Brown responded that the proposed deal with Rawhide includes an option to withdraw after one year. Chairman Sickle further inquired if the event planned on remaining on the third week in March.

Ms. Brown indicated that considerations to move were made, but that such a move was rejected.

Ms. O'Connor pointed out that the Committee would deliberate before the event organizers could come to a decision and this would naturally pose problems.

Vice-Chairman Holdsworth stated that he found it difficult to commit funds to an event that was not committed to Scottsdale. Ms. Brown appreciated the Commission's situation and offered a suggestion to either return the funds if a Scottsdale site was not chosen or to market the event as a Phoenix/Scottsdale joint event.

Arizona Bike Week

Richard Dillman presented along with Terry Dillman. This is the tenth year of the event, although Mr. Dillman pointed out that this is the first year the organizers have asked for funds. He stated that Bike Week is committed to Westworld in the wake of the sale of Rawhide. Mr. Dillman reported that the event has a one-year commitment to Westworld. Advertising plans have increased annually and are focused on motorcycle-oriented publications including American Iron, Hot Bike, and other national magazines. Local marketing is done through radio and television spots. A greater emphasis is being made this year to focus on regional cable advertising, predominantly on the east coast.

Commissioner Dunn pointed out that there was little information provided regarding the dollar amount allocated for national advertising. Ms. Dillman explained that she has negotiated a \$6,900 agreement with Thunder Press and a \$4,800 agreement with American Iron. Mr. Dillman added that \$26,000 has been committed to direct-mailings.

Vice-Chairman Holdsworth inquired about the reach of the radio stations listed in the application. Ms. Dillman explained that the coverage included most of the state. Mr. Dillman added that the advertising budget would be increased proportionately to the amount that is granted from the fund. Vice-Chairman Holdsworth also requested clarification on the discrepancy between the stated 80,000 to 100,000 participants and the room nights numbering only 1,400. Mr. Dillman explained that the figures listed applied to sponsoring hotels but that the extent of the impact went well beyond that.

Ms. O'Connor wondered if Westworld was large enough to contain the number of participants considering the event's continued growth. Mr. Dillman expressed optimism that the recent construction at Westworld would help absorb the impact.

Scottsdale Culinary Festival

Debbie Christensen made the final presentation. She described this event as the longest continuously running culinary festival in the United States. The emphasis lately has been to strengthen national awareness of the event through partnership with the SCVB and Gourmet Magazine. Organizers have committed \$68,000 towards this end and are asking for \$18,000 in matching funds.

Vice-Chairman Holdsworth asked if there was any indication of how many room nights the event generates. Ms. Christensen did not have figures since the event had previously focused on local participation; however, she estimated that ten percent have historically come from outside the Phoenix area.

Chairman Sickle requested details of how the funds might be used. Ms. Christensen indicated that twelve pages are planned in Gourmet Magazine as well as ads in America West Magazine and fostering partnering sponsorships with local resorts.

Brent DeRaad reported that the Culinary Festival has been targeted by the Convention and Visitor's Bureau as one that could grow from a local event to one with national scope. Lauren Kapinos detailed that the Gourmet magazine campaign will consist of pages in the February and March issues focusing on Scottsdale, the festival, its program of events and travel packages offered by sponsors. She added that the festival was matching the contribution made by the CVB.

Chairman Sickle noted that it is important for everyone to realize that there are more requests for funding than there is money. He recommended that the subcommittee assign priority to those events it feels could be impacted the most by the funds. He asked the Commission to offer suggestions on how such a task might be handled.

Commissioner Gleason spotlighted the importance of supporting events that were growing, but stressed that the Commission could not neglect ties with long established events without the risk of losing them.

Chairman Sickle suggested that the funds greatest impact would be made by leveraging events to increase their national exposure.

Commissioner Gleason added that there is not enough money to give every group \$18,000 and suggested that senior events with adequate revenue might qualify for lesser amounts of funding in order to allow the Commission to focus on the growing events.

Vice-Chairman Holdsworth agreed, adding that \$18,000 would have a much greater impact on some organizations than others, though he cautioned that it was dangerous to drop support for the more established ones.

Ms. O'Connor reminded the Commission that there is a line item in the Pro Forma that allocates bed tax funds for the purpose of supporting new events. Vice-Chairman Holdsworth suggested that potentially different criteria could be used to distribute funds for new events while maintaining the current criteria for supporting established ones.

Rachel Sacco commented that events had different needs depending on what stage of development they were at. She further noted that the needs of the more established events were perhaps not as immediately apparent but were important nonetheless.

In response to questions by Commissioner Dunn, Ms. O'Connor reported that \$100,000 is the dollar amount for the new funding and explained that a new event is considered one that has not previously been held in Scottsdale. She stated further that established events with a significant opportunity to expand could also qualify.

6. MONTHLY UPDATES

Bed Tax Staff Report (Attachment 4, Attachment 4a)

Ms. O'Connor noted that the bed tax report reflected that bed tax receipts through May were 10 percent ahead of the same time last year, which was almost back to the 2000 numbers. There has been a continual, gradual climb to get back to the 2000 levels.

Smith Travel Research Lodging Report (Attachment 5)

Ms. O'Connor reported that the Smith Travel Research Lodging Report reflects a 5.6 percent increase over May of last year. The travel report also showed a 7.3% growth in average room rates. Ms. O'Connor noted that the strong numbers indicated there was less pressure on the lodging industry to discount rooms.

7. ITEMS FROM THE FLOOR

There were no items from the floor.

8. PUBLIC COMMENTS

There were no public comments.

9. ADJOURNMENT

With no further business before the Commission, the meeting adjourned at 10:53 a.m.

Respectfully submitted,
A-V Tronics, Inc.



DECLARATION OF CONFLICT OF INTEREST

PLEASE NOTE: Completion and filing of this form with the City Clerk's Office is not, by itself, sufficient to meet the requirements of the Conflict of Interest law. To complete the process, the Mayor, Council member, Board member or Commissioner must publicly declare the conflict at the meeting, stating clearly for the record that he/she will refrain from any discussion of the matter and will not vote on the same.

██████: July 20, 2005

██████: E. THOMAS MORROW

The following information is provided to make known a conflict of interest in the official records of the City of Scottsdale, in compliance with Arizona Revised Statutes Section 38-503 (Conflict of Interest):

████████████████████: July 26, 2005

████████████████████: #15

████████████████████: FY 2005-2006 MATCHING

BURNT ADVERTISING FUNDING REQUEST

PRESENTATION

████████████████████: PART OWNER OF ONE OF APPLICANTS

As a result of the interest described above, (initial one):

ETM I will not participate in, nor will I vote upon the matter described above.

_____ I did not participate in, nor did I vote upon the matter described above.


Signature